Form (2)
Sr.No. 461-B
Date 19-9-2016

THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No. 1157/ 2016 Date 19th September, 2016

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter MR. GUAN YUKUN

(b) Citizenship CHINESE

(c) Address 175 # BEIJING Rd, YUNNAN FOREIGN TRADE BUILDING KUNMING, YUNNAN, CHINA

(d) Name and Address of Principle Organization UREC ENERGY INTERNATIONAL CO., LTD. UNIT C, 16th FL, CNT TOWER, 338 HENNESSY ROAD, WANCHAI, HONG KONG

(e) Place of Incorporation PEOPLE'S REPUBLIC OF CHINA

(f) Type of Investment Business CONSTRUCTION OF 106 MW GAS FIRED COMBINED CYCLE POWER PLANT FOR ELECTRICITY GENERATION AND POWER SUPPLY

(g) Place(s) at which investment is PERMITTED THAKETA POWER PLANT COMPOUND, THAKETA TOWNSHIP, YANGON REGION

(h) Amount of Foreign Capital US$ 125.672 MILLION

(i) Period for Foreign Capital Brought in 2 YEARS

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 125.672 MILLION

(k) Construction Period 2 YEARS

(l) Permitted duration of investment 30 YEARS

(m) Form of investment JOINT VENTURE INVESTMENT

(n) Name of Company incorporated in Myanmar U ENERGY THAKETA POWER COMPANY LIMITED

19.9.16

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် - ၁၁၅၇/၂၀၁၆ ၂၀၁၆ ခုနှစ်၊ စက်တင်ဘာလ ရက်

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၃၊ ပုဒ်မခွဲ(ခ)အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ရင်းနှီးမြှုပ်နှံသူ/ကမကထပြုသူအမည် MR. GUAN YUKUN

(ခ) နိုင်ငံသား CHINESE

(ဂ) နေရပ်လိပ်စာ 175 # BEIJING Rd, YUNNAN FOREIGN TRADE BUILDING KUNMING, YUNNAN, CHINA

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ UREC ENERGY INTERNATIONAL CO., LTD. UNIT C, 16th FL., CNT TOWER, 338 HENNESSY ROAD, WANCHAI, HONG KONG

(င) ဖွဲ့စည်းရာအရပ် PEOPLE'S REPUBLIC OF CHINA

(စ) ရင်းနှီးမြှုပ်နှံသည့်လုပ်ငန်းအမျိုးအစား (၁၀၆)မဂ္ဂါဝပ် သဘာဝဓါတ်ငွေ့နှင့် စွန့်ပစ်အပူသုံး ဓါတ်အားပေးစက်ရုံ တည်ဆောက်၍ လျှပ်စစ်ဓာတ်အား ထုတ်လုပ်ရောင်းချခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံသည့်အရပ်ဒေသ(များ) သာကေတဓါတ်အားပေးစက်ရုံဝင်း၊ သာကေတမြို့နယ်၊ ရန်ကုန်တိုင်းဒေသကြီး

(ဇ) နိုင်ငံခြားမတည်ငွေရင်းပမာဏ US$ ၁၂၅.၆၇၂ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကော်မရှင်ခွင့်ပြုမိန့်ရရှိပြီး ၂ နှစ်အတွင်း

(ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၁၂၅.၆၇၂ သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) တည်ဆောက်မှုကာလ ၂ နှစ်

(ဌ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ၃၀ နှစ်

(ဍ) ရင်းနှီးမြှုပ်နှံမှုပုံစံ ဖက်စပ်နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု

(ဎ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် ကုမ္ပဏီအမည် U ENERGY THAKETA POWER COMPANY LIMITED'

ဥက္ကဋ္ဌ

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

Confidential

THE REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(1), Thitsar Road, Yankin Township, Yangon

Tel. 95-1-658130 Our ref : MIC-5(P)/FI-062/2016(461-B)
Fax: 95-1-658142 Date : 19 September 2016

Subject: **Decision of the Myanmar Investment Commission on the Proposal for "Construction of 106 MW Gas Fired Combined Cycle Power Plant for Electricity Generation and Power Supply" under the name of "U Energy Thaketa Power Company Limited"**

Reference: Ministry of Electric Power Letter No. Electric-2 (Policy-UREC) (15784/2015) dated (20-11-2015)

1. The Myanmar Investment Commission, at its meeting (17/2016) held on (9-9-2016) had approved the proposal for investment in "Construction of 106 MW Gas Fired Combined Cycle Power Plant for Electricity Generation and Power Supply" under the name of "U Energy Thaketa Power Company Limited" submitted as a joint venture between UREC Energy International Limited (UREC-EI) (97%) from People's Republic of China and Department of Electric Power Planning, Ministry of Electricity and Energy (3%) from the Republic of the Union Myanmar.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to Foreign Investment Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 30 (thirty) years commencing from the date of the issuance of Myanmar Investment Commission's permit. The land lease period shall be 30 (thirty) years commencing from the commercial operation date of the first unit of Power Plant and extendable by mutual negotiation between Department of Electric Power Planning (lessor) and U Energy Thaketa Power Company Limited (lessee) subject to the approval of Myanmar Investment Commission as specified in Power Purchase Agreement (PPA). On the expiry of the leased term or termination of the Lease Agreement, U Energy Thaketa Power Company Limited shall transfer the leased land to the lessor in good condition without any consideration.

5. The annual land rental rate shall be US$ 40,976 (United States Dollar forty thousand nine hundred and seventy six) calculated at the rate of US$1.0 per square meter per year for the total land measuring 40,976 square meters. The tariff rate shall be US$ 0.034 per kWh, subject to such adjustment as may be agreed in the Power Purchase Agreement (PPA). Myanma Electric Power Enterprise, Ministry of Electricity and Energy shall be responsible for fuel supply at no cost to U Energy Thaketa Power Company Limited.

6. In issuing this "Permit", the Commission has granted, the followings, exemptions and reliefs as per Chapter XII, section 27(a), (h) and (i) of Foreign Investment Law. Other exemptions and reliefs under section 27 shall have to be applied upon the actual performance of the project;

(a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial production;
(b) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction of business;
(c) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business.

7. UREC Energy International Limited (UREC-EI) and Department of Electric Power Planning shall have to forward (5) copies of the Joint Venture Agreement on BOT basis signed on 22th September 2015. U Energy Thaketa Power Company Limited and Myanma Electric Power Enterprise shall also have to forward (5) copies of the Land Lease Agreement and the Power Purchase Agreement (PPA) signed on 20th March 2016.

8. U Energy Thaketa Power Company Limited shall abide by the terms & conditions of the Land Lease Agreement and Power Purchase Agreement (PPA). In addition, U Energy Thaketa Power Company Limited shall responsible to abide by law, rules and regulations under the Ministry of Electricity and Energy.

9. U Energy Thaketa Power Company Limited in consultation with the Company Division, Directorate of Investment and Company Administration shall

have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum of Association and Articles of Association shall have to be forwarded to the Commission.

10. U Energy Thaketa Power Company Limited shall use its best efforts for timely realization of works stated in the proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

11. U Energy Thaketa Power Company Limited has to abide by Chapter X, Rule 58 and 59 of the Foreign Investment Rules for construction period.

12. As per Chapter X, Rule 61 of the Foreign Investment Rules, extension of construction period shall not be allowed more than twice except it is due to unavoidable events such as natural disasters, instabilities, riots, strikes, a state of emergency, armed opposition, rebellion and outbreak of wars.

13. As per Chapter X, Rule 63 of the Foreign Investment Rules, if the U Energy Thaketa Power Company Limited cannot construct completely in time the construction period or extension period, the Commission will have to withdraw the permit issued to the investor and there is no refund for the expenses of the project.

14. As per Chapter IX, Rule 50 of the Foreign Investment Rules, the investor or promoter shall inform the completion of the construction process to the commission within 30 days.

15. As per Chapter X, Rule 97 of the Foreign Investment Rules, the investor or promoter shall apply the commencement date of commercial operation with form (11) for their service business and report to the Commission.

16. U Energy Thaketa Power Company Limited shall endeavour to meet the targets for production stated in the proposal as the minimum target.

17. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal and also in accordance with Chapter XI, section 24 and section 25 of the Foreign Investment Law and U Energy Thaketa Power Company Limited has to follow the existing Labour Laws for the recruitment of staff and labour in accordance with Chapter XIII, Rule 84 of the Foreign Investment Rules.

18. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rule 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of Foreign Investment Law, other than foreign currency.

19. Whenever U Energy Thaketa Power Company Limited brings in foreign capital defined under Chapter I, section 2(i) of Foreign Investment Law, other than foreign currency in the manner of paragraph 18(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

20. U Energy Thaketa Power Company Limited has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen or a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of a citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

21. U Energy Thaketa Power Company Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

22. U Energy Thaketa Power Company Limited shall be responsible for the preservation of the environmental at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Natural Resources and Environmental Conservation in which to conduct Environmental,

Social and Health Impact Assessment (ESHIA) Process which describe the measure to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with this ESHIA and to abide by the environmental policy, Environmental Conservation Law and other environmental related rules and procedures.

23. After getting permit from Myanmar Investment Commission, U Energy Thaketa Power Company Limited shall have to be registered at the Directorate of Industrial Supervision and Inspection.

24. U Energy Thaketa Power Company Limited shall have to abide by the Fire Services Department's rules, regulations, directives and instructions. Moreover, fire prevention measures shall have to undertake such as water storage tank, fire extinguishers and provide training to use the fire fighting equipment and also to appoint fire safety officer.

25. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc., shall be made either out of the local sales in Kyat currency and US$ of U Energy Thaketa Power Company Limited.

26. U Energy Thaketa Power Company Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII, Rule 79 and 80 of the Foreign Investment Rules.

19.9.16

(Kyaw Win)
Chairman

Ministry of Electricity and Energy

cc: 1. Office of the Government of the Republic of the Union of Myanmar
2. Ministry of Home Affairs
3. Ministry of Natural Resources and Environmental Conservation
4. Ministry of Labour, Immigration and Population
5. Ministry of Industry
6. Ministry of Commerce
7. Ministry of Planning and Finance

8. Central Bank of Myanmar
9. Office of the Yangon Region Government
10. Director General, Department of Environmental Conservation
11. Managing Director, Electric Power Production Enterprise
12. Managing Director, Electric Power Distribution Enterprise
13. Director General, Department of Electric Power Planning
14. Director General, Directorate of Labour
15. Director General, Immigration and National Registration Department
16. Director General, Directorate of Industrial Supervision and Inspection
17. Director General, Department of Trade
18. Director General, National Archive Department
19. Director General,Directorate of Investment and Company Administration
20. Director General, Internal Revenue Department
21. Director General, Customs Department
22. Executive Director, U Energy Thaketa Power Company Limited